ESG & Climate Change Policy statement

"ASA recognises the importance of driving long-term sustainable business practices which support and enhance the environment, social and economic performance for both Australian listed companies, their stakeholders and the wider community. This includes the need for action on Climate Change and a transition pathway to global net zero carbon emissions by 2050 in line with the Paris Agreement.

The ASA expects companies to:

- **Commit to net zero by 2050 in line with the Paris Agreement**
- **Commit to sustainability practices across Environment, Social and Governance (ESG) areas.**
- **Define a pathway to achieve these goals**
- **Measure the progress towards them**
- **Report that progress to all stakeholders**

We also expect directors to set and implement corporate governance practices that oversee the business on behalf of all stakeholders."

The ASA expects companies and their boards to consider and implement the following:

a. Adopt the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) risk assessment and reporting framework.
b. Align corporate strategy to the Paris Agreement and the objective of net zero emissions by 2050 (including capital allocation decisions, financial reporting and audit and where appropriate, remuneration practices).
c. Stress-test the resilience of their portfolios and strategy against a range of plausible but divergent climate futures.
d. Set short, medium and long term emissions-reduction targets that align to the Paris Agreement. In addition to quantitative metrics, targets may include planned actions, partnerships, research and development, or investment to address risks material to the company.
e. Undertake analysis of the physical risks arising for assets within a company's portfolio, including asset-level and/or industry-level exposures and resilience plans.
f. Ensure the company's policy and advocacy activity is consistent with the goals of the Paris Agreement, including activity undertaken both directly and via industry associations.
g. Incorporate impacts on employees, communities and other stakeholders into transition strategy and planning.

Expectations of Company Reporting

Consequently, ASA expects companies should report on the following issues in their annual report to shareholders, where the issue is significant and material in understanding the company's sustainability and governance:

1. Health and safety of employees, customers, and communities in which they operate.
2. Environmental impact of their operations and resources with regard to:
    a. Carbon emissions
    b. Net zero emissions targets and pathway to decarbonisation
    c. Electrification, renewables and alternative fuels
    d. Waste, packaging & water usage
    e. Green star building codes
    f. Transport and travel
3. Appropriate remuneration of senior executives
    a. Aligned to company vision, purpose and shareholders' interests
    b. Variable remuneration (incentives) aligned to both financial and non-financial measures.
    c. Clawback and malus
4. Policy , practice and board oversight in the following areas , where relevant:
    a. Employee training and development
    b. Cyber security
    c. Inclusivity and diversity
    d. Gender pay equality
    e. Sexual harassment policy
    f. Whistleblower policy
    g. Bribery, corruption and conflict of interest
    h. Modern slavery policy and ethical sourcing
    i. Anti money laundering
    j. Reconciliation action
    k. Privacy policy

We note shareholders will need to examine the above issues to identify whether companies they have invested in are making sufficient disclosures to make informed investment and voting decisions.

Approved by the Board of Directors of ASA May 2022